

## Senate puts brakes on auto aid (The News Journal)

November 20, 2008

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CEOs plead with lawmakers -- but compromise fails, stalling bailout vote

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WASHINGTON --

Democrats, Republicans and the White House continued to spar Wednesday over whether to compromise on a source of money to bail out the auto industry, with company executive spending a second day pleading for government help.

At

the end of the day, the Senate's top Democrat called off a planned vote this week on a \$25 billion auto industry bailout. Senate Majority Leader Harry Reid said that he wanted to figure out some way to help Detroit's struggling Big Three but that efforts to do so had stalled.

Detroit

automakers went to the House Wednesday on their second day of trying to convince Congress that they need \$25 billion in loans to remain in business.

"We have

run right out of capital," said General Motors Corp. Chairman Rick Wagoner. "Without an injection of capital, some portion if not all of the domestic industry will not survive."

The

hearings in the House focusing on the industry's plight came as Republican senators proposed a compromise plan to draw \$25 billion from already authorized federal loans to retool auto plants, money Democrats want to keep intact. House and Senate Democrats favor using \$25 billion from the \$700 billion financial industry bailout.

Senate

Republicans said their proposed bill would be the only one President George W. Bush would sign. White House spokeswoman Dana Perino urged Reid to let it reach the floor for a vote.

"If

the Senate leaves without Senator Reid even allowing a vote on this amendment, then the Congress will bear responsibility for anything that happens in the next couple of months during their long vacation," Perino said.

Two of

the three automakers are running low enough on cash to raise questions as to whether they can survive until President-elect Barack Obama is sworn in on Jan. 20.

In

Delaware, GM said last month it would eliminate 400 jobs at the Boxwood Road plant near Newport on Dec. 8. The shutdown of the Chrysler Newark assembly plant Dec. 31 will lay off 1,100 workers. Closing of its Mopar parts distribution center in Newark the same day will cost 118 workers their jobs.

Rep.

Mike Castle, R-Del., called the auto industry's losses a "national dilemma" and said Delaware has been "hit hard" by plant closings and layoffs.

Castle

said many lawmakers believe their pleas to automakers for clean, fuel-efficient and affordable vehicles have been ignored. He blamed the auto industry for a lack of vision that has caused manufacturers to miss opportunities to invest in new technology and fall behind global competitors on developing the next generation of vehicles.

"I

am not convinced that this industry fully recognizes the path to long-term viability," he said in statement he submitted for the record.

Castle

said any assistance to the industry should be tied to a guarantee of

warrants from each participating company and a ban on corporate bonuses, excessive severance packages or other payout for executives and stockholders. The auto industry directly or indirectly supports some 3 million jobs nationwide.

Rep. Spencer Bachus, R-Ala., questioned whether the industry had made enough cuts to survive even with \$25 billion in loans.

Bachus and other lawmakers cited a figure of more than \$70 per hour that United Auto Worker members are supposedly paid. Several experts have said that that figure, compiled before the 2007 labor contract now in effect, includes the cost of pensions and health care benefits for retirees in addition to pay for active workers.

Under the 2007 contract, new hires will be paid \$14 an hour with far less generous retirement benefits, changes the companies say will make them competitive with labor costs at foreign-owned U.S. plants. UAW President Ron Gettelfinger defended the contracts.

"The UAW can't be the low-hanging fruit," he said. "We would respectfully request that others come into the party and sacrifice as well."

Several lawmakers questioned whether the companies would use the federal aid on foreign operations, noting that Chrysler had closed a Missouri minivan plant while leaving open one in Windsor, Ontario.

The auto executives said the loans would be used for developing new vehicles, retooling plants and paying employees and suppliers. They once again ruled out bankruptcy as an option.

Bankruptcy "would turn us upside down faster and deeper than where we are today," Chrysler Chairman Bob Nardelli said.